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DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 14-03)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English, DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 14-03 with attached transmittal and policy justification.

Dated: May 15, 2014.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

MAY 13 2014

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 14-03, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Iraq for defense articles and services estimated to cost \$101 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified Document Provided Under Separate Cover)



Transmittal No. 14-03

Notice of proposed Issuance of Letter of Offer
Pursuant to Section 36(b) (1)
Of the Arms Export Control Act, as amended

- (i) Prospective Purchaser: Republic of Iraq
- (ii) Total Estimated Value:
 - Major Defense Equipment:* \$100 million
 - Other: \$ 1 million
 - TOTAL: \$101 million
- (iii) Description and Quantity of Articles or Services under Consideration for Purchase: 200 M1151A1 Up-armored High Mobility Multi-Purpose Wheeled Vehicles (HMMWVs) with M2 .50 cal. machine gun mounts, commercial radios, communication equipment, repair and spare parts, publications and technical documentation, tools and test equipment, personnel training and training equipment, U.S. Government and contractor logistics and technical support services, and other related elements of logistics support.
- (iv) Military Department: Army (UGP)
- (v) Prior Related Cases, if Any:
 - FMS Case AAH-\$46 million-29May07
 - FMS Case AAI-\$49 million-29May07
- (vi) Sales Commission, Fee, etc., Paid, Offered or Agreed to be Paid: None
- (vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex
- (viii) Date Report Delivered to Congress: 13 May 2014

* As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Iraq - M1151A1 Up-Armored High Mobility Multi-Purpose Wheeled Vehicles (HMMWVs)

The Government of Iraq has requested a possible sale of 200 M1151A1 Up-Armored High Mobility Multi-Purpose Wheeled Vehicles (HMMWVs) with M2 .50 cal. machine gun mounts, commercial radios, communication equipment, repair and spare parts, publications and technical documentation, tools and test equipment, personnel training and training equipment, U.S. Government and contractor logistics and technical support services, and other related elements of logistics support. The estimated cost is \$101 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a strategic partner. This proposed sale directly supports the Government of Iraq and serves the interests of the people of Iraq and the United States.

The proposed sale of the M1151 HMMWV's would facilitate progress towards increasing the Iraq's ability to defend its oil infrastructure against terrorist attacks. Iraq will use the HMMWVs to increase the safety, effectiveness, and self-reliance of the Iraqi Army's Oil Pipeline Security Division. Iraq will have no difficulty absorbing these additional HMMWVs into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be AM General in South Bend, Indiana. There are no known offset agreements proposed in connections with this potential sale.

Implementation of this proposed sale will not require U.S Government or contractor representatives to travel to Iraq.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.